

# Custom Indexing

Orion Custom Indexing gives you the power to manage personalized portfolios at scale through a tech-enabled, competitively priced solution. From tax-loss harvesting and tax transitioning to ESG, you can easily offer high-value, professionally managed portfolios that are customized according to the unique needs, values and goals of your clients. Portfolio minimums start at \$100,000.

## MARKET BETA

Strategy Mandate	Benchmark	Investment Characteristics	Max # of Holdings
U.S. Mega Cap SMA	Russell Top 200	Passive	100
U.S. All Cap SMA	Russell 3000	Passive	225
U.S. Large Cap Core SMA	Russell 1000	Passive	150
U.S. Large Cap Growth SMA	Russell 1000 Growth	Passive	150
U.S. Large Cap Value SMA	Russell 1000 Value	Passive	150
U.S. Mid Cap SMA	Russell Mid Cap	Passive	225
U.S. Small-Mid Cap SMA	Russell 2500	Passive	225
U.S. Small Cap SMA	Russell 2000	Passive	200
Global ADR SMA	FTSE All World	70% U.S. / 30% International	225
Developed International ADR SMA	FTSE World ex US	Passive ADR	150
Emerging Markets ADR SMA	FTSE All World Emerging	Passive ADR + ETFs	125

## FACTOR

Strategy Mandate	Benchmark	Investment Characteristics	Max # of Holdings
U.S. High Dividend Yield Factor SMA	Russell 1000 Value	High Dividend Yield + High Quality	75
U.S. Quality Value Factor SMA	Russell 1000 Value	High Quality + Value	100
U.S. Low Volatility Factor SMA	Russell 1000	Low Price Vol + Low Beta	100
U.S. Momentum Factor SMA	Russell 1000	High Risk Adjusted Price Momentum	100
U.S. Quality Growth Factor SMA	Russell 1000 Growth	High Quality + Growth	100

## THEMATIC

Strategy Mandate	Benchmark	Investment Characteristics	Max # of Holdings
Biotechnology Thematic SMA	Russell 1000	Biotech + High Quality + Low Beta	100
Cybersecurity Thematic SMA	Russell 1000	Cybersecurity Companies	50
Real Assets Thematic SMA	Russell 1000	Precious Metals & Mining	40

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

Strategy Mandate	Benchmark	Investment Characteristics	Max # of Holdings
U.S. ESG SMA	Russell 1000	Environment, Social, Governance	150
U.S. ESG Dividend SMA	Russell 1000 Value	ESG + High Dividend	150
U.S. ESG Small Cap SMA	Russell 2000	ESG + Size	225
Global ESG SMA	FTSE All World	Environment, Social, Governance	225

## ASSET ALLOCATION

Strategy Mandate	Benchmark	Investment Characteristics	Max # of Holdings
U.S. Moderately Conservative SMA	40% Equity / 60% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
U.S. Balanced SMA	50% Equity / 50% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
U.S. Moderate SMA	60% Equity / 40% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
U.S. Moderately Aggressive SMA	70% Equity / 30% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
U.S. Aggressive SMA	80% Equity / 20% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
U.S. Aggressive Growth SMA	90% Equity / 10% Fixed Income	U.S. All Cap + Fixed Income ETFs	225
Global Moderately Conservative SMA	40% Equity / 60% Fixed Income	Global ADR + Fixed Income ETFs	225
Global Balanced SMA	50% Equity / 50% Fixed Income	Global ADR + Fixed Income ETFs	225
Global Moderate SMA	60% Equity / 40% Fixed Income	Global ADR + Fixed Income ETFs	225
Global Moderately Aggressive SMA	70% Equity / 30% Fixed Income	Global ADR + Fixed Income ETFs	225
Global Aggressive SMA	80% Equity / 20% Fixed Income	Global ADR + Fixed Income ETFs	225
Global Aggressive Growth SMA	90% Equity / 10% Fixed Income	Global ADR + Fixed Income ETFs	225

# Values-Based Restrictions

## Values-Based Customization (Optional)

### Animal Advocacy

Animal Testing<sup>1</sup>

Fur & Leather<sup>1</sup>

Pork Products<sup>1</sup>

Whale Meat<sup>1</sup>

### Faith-Based

Abortion<sup>4</sup>

Adult Content<sup>4</sup>

Contraceptives<sup>4</sup>

Halal Compliant<sup>4</sup>

Gambling<sup>4</sup>

Stem Cell<sup>4</sup>

### Health & Wellness

Alcohol<sup>5</sup>

Cannabis<sup>4,5</sup>

GMO Product<sup>5</sup>

Predatory Lending<sup>3</sup>

Tobacco<sup>4,5</sup>

### Environmental

Nuclear Energy<sup>2</sup>

Oil & Gas<sup>2</sup>

Palm Oil<sup>2</sup>

Pesticides<sup>2</sup>

Shale Energy<sup>2</sup>

Thermal Coal<sup>2</sup>

### Military & Weapons

Controversial Weapons<sup>3,4</sup>

Military (non-weapons)<sup>3</sup>

Military (weapons)<sup>3</sup>

Riot Control<sup>3</sup>

Small Firearms<sup>3,4</sup>

### Thematic

No China-Domiciled Companies

No Hong-Kong Domiciled Companies

## Values-Based Personas

### Available Preset Default Restrictions

Animal Advocate (1)

Climate-Conscious (2)

Pacifist (3)

Catholic Faith (4)

Health & Wellness (5)



# Supplemental Information

## Tax Management Supplemental Information

### Tax Transitioning

Tax transitioning allows you to shift your portfolio over multiple calendar years by setting a maximum capital gain budget. Because the capital gain budget serves as a ceiling on the portfolio, it helps to ensure that any transition occurs over multiple calendar years to spread out any tax liability.

### Tax Management Options

#### TAX LOSS HARVESTING ONLY MANAGEMENT

This option removes the portfolio from any rebalancing that may realize capital gains. Loss-only portfolios tend to generate more in net losses for the client but will also result in larger differences to the underlying target strategy.\*

#### NO SHORT-TERM GAINS

This option limits the amount of short-term gains that can be realized.

#### UNRESTRICTED CAP GAIN BUDGET

This option leaves the maximum capital gain budget unrestricted and will result in a closer tracking to the underlying target, albeit with more potential gains.

## Values-Based Supplemental Information

### Abortion

This involvement area provides an assessment of whether companies engage in providing medical procedures that include abortion and contraceptive surgical procedures, as well as the production and distribution of abortifacients.

Abortion can be considered controversial from a religious or ethical point of view but also from a women's rights point of view. It is often seen as essentially a moral issue, concerning the commencement of human personhood, the rights of the fetus, and a woman's rights over her own body.

- Criteria: Any revenue derived from activity
- Est. Tracking Error Impact: 10 bps
- Est. # of Impacted Companies in Russell 3000: 126

### Adult Content

This involvement area provides an assessment of whether companies derive revenue from adult entertainment. This includes producers of adult movies, cinemas that show adult movies, adult entertainment magazines, and the broadcasting of adult entertainment.

Adult entertainment can be considered controversial as it is claimed that it may undermine faith and family values. Other concerns are that the materials show the subordination of women.

- Criteria: Greater than 10% of revenue derived from activity
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: <5

### Alcoholic Beverages

This involvement area provides an assessment of whether companies derive revenue from alcoholic beverages. These include producers of these beverages as well as retailers, distributors, and suppliers of alcohol-related products/services to alcoholic beverage manufacturers.

Alcoholic beverages are considered controversial because excessive drinking can lead to social problems (addiction) and health problems. Furthermore, certain religions prohibit the use of intoxicants, such as alcohol.

- Criteria: Greater than 10% of revenue derived from activity
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 18

### Animal Testing

This involvement area provides an assessment of whether companies are involved in conducting testing on animals for pharmaceutical products, medical devices, biotechnology, and/or non-pharmaceutical products. This includes both cosmetics and chemicals, such as pesticides or food additives.

Animal testing can cause pain, suffering, and distress to the animals involved. Additionally, the necessity of testing on animals is disputed.

- Criteria: Greater than 10% of revenue derived from activity
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: <5



## Cannabis

This involvement area provides an assessment of whether companies derive revenue from cannabis products that are used as plant-based medicine (medical cannabis) or as a psychoactive drug (recreational cannabis). This includes producers and distributors of recreational and/or medical cannabis.

Cannabis is considered controversial because it can create dependence and become addictive, as well as the health risks associated with heavy, long-term use. However, active substances of cannabis have been shown to have analgesic and anti-inflammatory properties and are therefore used as treatment for chronic pain and for symptoms of difficult-to-treat conditions, such as cancer, HIV/AIDS, or multiple sclerosis.

- Criteria: Greater than 10% of revenue derived from activity
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 16

## Contraceptives

This involvement area provides an assessment of whether companies are involved in the manufacturing of contraceptives. Contraceptives are considered controversial by people who believe that the union between people has procreation as a primary purpose. A second issue relates to whether certain forms of birth control act purely as a contraceptive or whether they have abortive intention or potential. Others view contraception as positive, because it allows women and couples to have the number of children they want, when they want them, which is everybody's right under the United Nations Declaration of Human Rights. Other benefits include lowering the number of teenage pregnancies and reducing pregnancy-related risks for vulnerable girls and women.

- Criteria: Any revenue derived from activity
- Est. Tracking Error Impact: 10 bps
- Est. # of Impacted Companies in Russell 3000: 14

## Controversial Weapons

This involvement area provides an assessment of whether companies are involved in the manufacturing of controversial weapons or components or services thereof.

Controversial weapons are those that have indiscriminate targeting and a disproportionate impact on civilian populations; after their deployment, their effects may linger persistently. This category includes biological and chemical weapons; nuclear weapons; and cluster munitions and antipersonnel landmines.

- Criteria: Any revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 16

## Fur & Specialty Leather

This involvement area provides an assessment of whether companies derive revenue from fur or specialty leather.

Fur and specialty leather are considered controversial because there are many alternatives available for use in the production of consumer goods, and the animal suffering and death are considered unnecessary.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: 0 bps
- Est. # of Impacted Companies in Russell 3000: 16

## Gambling

This involvement area provides an assessment of whether companies derive revenue from gambling. This includes companies that offer gambling services (operation of casinos, lotteries, bookmaking, online gambling, etc.), gambling products (slot machines and other gambling devices), or supporting products/services to gambling operations.

Gambling is considered controversial because it can lead to addiction, with sufferers exhibiting many of the same problems as those with substance addictions, creating severe social problems.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 27

## GMO Plants & Seeds

This involvement area provides an assessment of whether companies derive revenue from the development and/or cultivation of genetically modified seeds and/or plants, as well as the growth of genetically modified crops.

The use of genetically modified seeds is considered controversial because of health and socio-economic (patented bio-technology) concerns as well as environmental risks associated with the spreading of GMOs to other plants in the ecosystems. Other concerns are increasingly pesticide-resistant weeds and insects due to increased use of chemicals.

- Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 1

## Military (non weapons)

This involvement area provides an assessment of whether companies derive revenue from providing tailor-made products or services to the army or the defense industry.

Military contracting, also referred to as the defense or armaments industry, can be considered controversial for reasons of pacifism, asymmetric defense-related purchasing power between countries, negative effects on economic growth and development particularly in post-conflict areas as a result of defense spending, potential issues around transparency and corruption, and its potential for (re-)fueling wars and conflicts.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <0 bps
- Est. # of Impacted Companies in Russell 3000: 8



## Military (weapons)

This involvement area provides an assessment of whether companies derive revenue from the manufacturing of weapons or weapon components to the army or the defense industry.

Weapons production can be considered controversial because companies involved typically produce crucial components that play a direct role in the lethality of weapons systems.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 45

## Nuclear

This involvement area provides an assessment of whether companies are involved in the production or distribution of energy from nuclear sources or developing products or services that support the nuclear power industry.

Nuclear power can be considered controversial because of the risks of substantial environmental damage and long-term health concerns for living organisms in case of accidents, nuclear waste disposal, and potential usage of waste as input for nuclear weapons.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 20

## Oil & Gas

This involvement area provides an assessment of whether companies derive revenue from involvement in oil and gas industries. It includes the oil and gas upstream, midstream, downstream, and power generation industries. Petrochemicals and distribution activities are not included.

The oil & gas industry is controversial because of its high carbon intensity and impact on climate change, as well as its impact on land and water resources. Its impacts on ecosystems include spillages, waste management issues, and spontaneous flaring, which can lead to fines and are associated with reputational risks. In certain geographies oil & gas operations are associated with strained relations with local communities and with issues with governance and business practices. Health and safety issues are also important as repetitive accidents can lead to operational disruption or fatalities.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: 30 bps
- Est. # of Impacted Companies in Russell 3000: 208

## Palm Oil

This involvement area provides an assessment of whether companies derive revenue from palm oil production and/or distribution.

Palm oil is considered controversial because large areas of tropical forests and other ecosystems with high conservation

values (in Africa, Asia, & Latin America) have been cleared to make room for vast monoculture oil palm plantations — destroying critical habitat for many endangered species. Other major ESG concerns related to palm oil production are violations of human, labor, and land rights.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: 0 bps
- Est. # of Impacted Companies in Russell 3000: 0

## Pesticides

This involvement area provides an assessment of whether companies derive revenue from manufacturing or marketing pesticides including herbicides, fungicides, and insecticides for agricultural application/crop protection.

The use of pesticides is considered beneficial as it can help farmers prevent damage to their crops and control the number of invasive species. However, pesticides are considered controversial because of their potential toxicity to humans and animals and their bioaccumulation. Especially when applied for crop protection in agriculture and in large-scale horticulture these negative effects may occur. Recently certain pesticides have been associated with mass deaths of pollinators such as bees.

- Criteria: Any revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 4

## Pork Products

This involvement area provides an assessment of whether companies derive revenue from pork products. This includes producers and distributors of pork meat as well as providers of pork-related products/services.

Pork products are considered controversial for Islamic investors that abide by Sharia law, because it is one of the forbidden foods.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 4

## Predatory Lending

This involvement area provides an assessment of whether companies derive revenue from exploitative lending practices.

Predatory lending is considered controversial due to its questionable or immoral business ethics and the potential socio-economic impacts of high interest rates and/or unfavorable terms on borrowers.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 4

## Riot Control

This involvement area provides an assessment of whether companies are involved in the manufacturing of protection equipment and/or riot control weapons.



The primary concern with riot control is that crowds are sometimes suppressed violently, leading to injury or death of civilians.

- Criteria: Any revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 8

### Shale Energy

This involvement area provides an assessment of whether companies derive revenue from shale energy (gas and/or oil) extraction and/or production.

Shale energy production involves environmental risks like water pollution and carbon emissions. Rock fracture, fracking, is needed to make natural gas flow through the shale, which poses environmental concerns due to its potential effects on the watershed. Shale energy is also associated with slightly higher carbon emissions than conventional resources.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 41

### Small Arms

This involvement area provides an assessment of whether companies derive revenue from firearms. It includes manufacturers of firearm weapons such as guns, rifles, and pistols; manufacturers of components of these weapons; and retailers.

Firearms can be considered controversial as they are reported to be a major factor in the increase of armed conflict worldwide. They are the weapon of choice for many terrorist groups around the world and often hinder smoother rebuilding and development after a conflict has ended. Besides the loss of human life and physical harm, armed violence also has significant (direct and indirect) economic costs.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 6

### Stem Cell

This involvement area provides an assessment of whether companies engage in human embryonic stem cell research and technology development as well as the use of fetal cell lines for vaccines.

The main area of controversy surrounding this research arises from the harvesting of stem cells for research. The most flexible stem cells are obtained from embryos and harvesting those stem cells is a process that destroys the embryo. Benefits of embryonic stem cell therapies are that they have been proposed for regenerative medicine and tissue replacement after injury or disease.

- Criteria: Any revenue derived from activity.
- Est. Tracking Error Impact: 20 bps
- Est. # of Impacted Companies in Russell 3000: 69

### Thermal Coal

This involvement area provides an assessment of whether companies derive revenue from mining thermal coal, generating electricity from thermal coal, or providing supporting products or services for thermal coal extraction.

On a lifecycle basis thermal coal is more carbon intensive than other fossil fuel sources, while from an energy generation perspective it is easily substitutable. Thermal coal, also known as energy coal or steam coal, is mainly used in power generation.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 26

### Tobacco Products

This involvement area provides an assessment of whether companies derive revenue from tobacco products including cigarettes, cigars, tobacco, electronic cigarettes, paper used by end consumers for rolling cigarettes, filters, snuff tobacco, etc. It includes tobacco products manufacturers, retailers, and distributors, as well as companies providing tobacco-related products or services.

Tobacco is considered controversial because of the negative health consequences (cancer) of long-term use of tobacco products, also leading to substantial medical costs for society. Tobacco companies are exposed to significant financial and reputational risks as a result of legal cases and class actions brought against them.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: <5 bps
- Est. # of Impacted Companies in Russell 3000: 9

### Whale Meat

This involvement area provides an assessment of whether companies derive revenue from whale meat production.

Whaling is considered controversial since the number of whales has declined increasingly during years of overexploitation and some species are at the point of becoming extinct. The controversy on an ethical level also concerns the suffering that the animals are subjected to when hunted.

- Criteria: Greater than 10% of revenue derived from activity.
- Est. Tracking Error Impact: 0 bps
- Est. # of Impacted Companies in Russell 3000: 0

**Ready to learn more? Contact us today for more information.**

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